

Report to Planning & Environment Committee

To: Chair and Members
Planning & Environment Committee
From: Scott Mathers, MPA, P. Eng
Deputy City Manager, Planning and Economic Development
Subject: Reducing Off-the-Clock Permit Applications
Date: October 22, 2024

Recommendation

That the report titled "Reducing Off-the-Clock Permit Applications" **BE RECEIVED** for information.

Executive Summary

This report addresses the issue of reducing off-the-clock building permit applications. Off-the-clock permit applications are those submitted with missing required drawings or without meeting all applicable laws, leading to delays and increased workloads. The report outlines the original intent of off-the-clock applications, their implications, and proposed administrative procedures to mitigate their occurrence.

Linkage to the Corporate Strategic Plan

Growing our Economy

- London is a leader in Ontario for attracting new jobs and investments.

Leading in Public Service

- The City of London is trusted, open, and accountable in service of our community.
- Improve public accountability and transparency in decision making.

Analysis

1.0 Background Information

1.1 What is an off-the-clock Building Permit?

- **On the Clock:** A preliminary screening of the permit application confirms all applicable laws are met at the time of application, all required application documents have been submitted, allowing issuance within provincially legislated timelines (10, 15, 20, or 30 days).
- **Off the Clock:** A preliminary screening of the permit application finds missing documentation or key compliance information. Comments are provided to the applicant by the City's drawing reviewer requiring the applicant to submit revised drawings or further information. Once comments are provided by the City the permit is no longer subject to the provincially legislated deadlines as a permit cannot legally be issued.

1.2 Industry Feedback

The length of time it takes to approve building permits and the number of off-the-clock permit applications has been a long-standing concern raised by the building and development industries. In February 2023 Council endorsed a pledge to accelerate the housing supply of 47,000 units in our community by 2031. To support this commitment, a Customer Service and Process Improvement Reference Group was created to improve collaboration with development industry partners focusing on continuous improvement of our processes. The need to better track and reduce the number of off-the-clock permits was highlighted early in the reference group's discussions. Over the course of several meetings,

off-the-clock data was prepared, analyzed and presented to the reference group. Out of this analysis, significant issues were identified. As well, a key data collection gap was identified and was incorporated into our standard processes.

As a continuation of the work of the reference group, an off-the-clock permit action was included in the April 2024's Targeted Actions to Increase London's Housing Supply:

Off-The-Clock Permit Focus| Q3-2024

Review of the off-the-clock permits: provide a report to Council with recommendations and actions made to reduce the number of off-the-clock permits. Report off-the-clock permits as part of regular Building reporting.

This report provides a discussion on off-the clock permit applications and highlights the actions being taken to reduce the number of off-the-clock permit applications with the overall goal of reducing the time to build new housing in London.

2.0 Discussion and Considerations

2.1 Purpose of Off-the-Clock Applications

Off-the-clock permit applications allow for submission prior to demonstrating compliance with applicable laws (classifying them an incomplete application). This process was intended to provide flexibility but has resulted in additional workload, liability, and delays.

The goal is not to allow permits to remain off-the-clock indefinitely.

In some cases, an off-the-clock permit could be several years old. This can be due to a combination of factors including delays in staff providing comments on resubmission or delays in the applicant providing a resubmission. The original intent of off-the-clock permit applications was to expedite the review process by allowing submissions before all compliance was demonstrated. However, this has led to several issues:

- **Increased Workload:** Additional reviews and follow-ups are required.
- **Liability:** Potential for noncompliance to changing Building Codes as well as criticism due to perceived delays.
- **Process Delays:** Revisions/resubmissions required to meet compliance can slow down the overall timeline. Also, the addition of incomplete applications into the system ultimately takes resources away from complete applications delaying their issuance.

2.2 Off the Clock Permit Metrics

Analysis of Original Data vs. Current Status: Off-the-Clock Permits

Original Data Presented to the CSPI Group (03/13/2023):

In the initial analysis presented to the CSPI group on March 13, 2023, there were 696 off-the-clock permits identified. A significant portion of these permits, 111, were over 2 years old. This backlog was primarily made up of single-family home permits, indicating substantial delays in processing. Additionally, 167 permits were aged between 1 to 2 years. The overall ratio of off-the-clock permits to the 3-year average of submitted permits was 17%, signaling ongoing inefficiencies in the permitting process.

Current Status (08/22/2024 Data):

In the more recent data analysis from August 22, 2024, there were 690 off-the-clock permits, a slight decrease from the original data. However, the number of permits over 2 years old increased to 173, highlighting a growing concern in this category. The ratio of off-the-clock permits to the 3-year average of submitted permits rose to 18%,

suggesting that while there have been efforts to address the backlog, the processing efficiency for new applications remains a challenge.

Implications for Current Processes and Strategies:

The comparison between these two analyses reveals that, despite efforts, there has been little substantial change in the reduction of older permits, particularly those over 2 years old, which continue to predominantly involve single-family homes. The slight changes in the total number of off-the-clock permits and the minor increase in the ratio to submitted permits reinforce the pressing need to refine and improve current processes and strategies.

Additional application permit data has been provided in Appendix "A" to reflect the comparison between the 2023 and 2024 data.

2.3 Proposed Procedures and Targets

Objectives

The primary objectives of refining the permit application process include:

- **Freeing up staff time:** Concentrating efforts on 'on-the-clock' permits to ensure efficient use of resources and faster processing times.
- **Reducing overall permit issuance times:** Accelerating both on-the-clock and off-the-clock permit acceptance through clear instructions to ensure applicants know the requirements prior to submission.
- **Minimizing 'Inactive Permit Applications':** Decreasing the number of permits that become abandoned, as defined by section 4.6 of the City of London's B-7 Building By-law, by addressing the causes of prolonged inactivity and ensuring timely responses and updates.

Strategies and Targets

To achieve these objectives, the following strategies are proposed:

1. Inactivity Administrative Procedure:

- **Implementation:** Applications will be canceled after 6 months of inactivity to prioritize active projects and maintain a streamlined system.
- **Process:** Include a pre-cancellation notification allowing the applicant an opportunity to demonstrate ongoing activity or intent to proceed, ensuring fair communication and opportunity to comply.

2. Automatic Cancellation:

- **Implementation:** Automatically cancel any applications that remain in the system for more than two years.
- **Rationale:** This administrative procedure aims to limit complications due to potential changes in the building code, reducing the risk of non-compliance over time.

3. Concurrent Review Administrative Procedure with Planning:

- **Implementation:** Accept applications for concurrent review with site plan approvals if no major issues are unresolved, requiring a sign-off from Planning.
- **Goal:** Prevent premature applications from congesting the system, while allowing for an expedited review process for less complex applications.

4. Foundation/Site Servicing Permit Administrative Procedure:

- **Implementation:** Issue partial permits based on a principal agreement to the site plan, thus allowing construction to start prior to the full building permit issuance.
- **Collaborative Development:** Develop specific criteria for partial permits through consultation with the building and development industry as part of the Customer Service Process Improvement (CSPI) rapid improvement group.
- **Advantages:** This administrative procedure minimizes the liability typically associated with conditional permits and facilitates earlier commencement of construction.

Metrics for Success

To effectively measure the success of the refined building permit application process, we propose the following metrics categorized based on application processing statuses:

Category 1: Pending Compliance Applications (Incomplete Applications)

Definition: Applications considered incomplete due to missing required documentation necessary for a full application review or where all "applicable law" as indicated within the Ontario Building Code is not presently met. This determination is made during the prescreening of submitted application documents.

Target:

- **Monitoring Only:** No specific quantitative target is set for this category due to the complexities involved. Regular monitoring will ensure these applications progress appropriately and receive the necessary support to achieve compliance efficiently.

Evaluation Criteria:

- **Average Compliance Resolution Time:** Track and report the average time taken to address the incomplete aspects from the date of application submission.
- **Industry Partner Feedback:** Collect feedback from applicants and internal departments to identify areas for improvement in the process of completing and complying with all applicable laws.

Category 2: Conditionally Accepted Incomplete Applications

Definition: Applications accepted as "complete" based on a mutual agreement between the site plan approval, zoning, and building departments, despite certain aspects being incomplete. This acceptance is determined during the prescreening process and must meet an agreed-upon list of criteria. Once accepted, these applications are subject to Ontario Building Code legislated timelines.

Target:

- **Criteria Development:** Collaboratively develop and implement criteria for accepting incomplete applications as complete. Ensure all involved departments agree and understand the criteria.
- **Compliance with Timelines:** Once accepted, these applications will be processed within the Ontario Building Code's legislated timelines.

Evaluation Criteria:

- **Inter-Departmental Agreement:** Measure the effectiveness of the criteria and how consistently they are applied across departments.

- **Timeliness:** Ensure that all applications in this category meet the legislated timelines without exception.

Category 3: Deficiency-Flagged Applications

Definition: Applications that experience delays due to prolonged response times from either the City or the applicant, resulting in a slowdown or suspension of the review process. These applications can also become "off-the-clock" when deficiencies are indicated on the drawings and the deficiency list is provided to the applicant. The prescreening of application documents also plays a role in identifying potential issues early on, helping to mitigate delays.

Criteria and Targets:

1. City Response Time

- **Criteria:** Average response time by the City for each submission round.
- **Target:** Achieve an average response time of **10 business days or less** per submission.
- **Rationale:** Ensures timely processing and demonstrates the City's commitment to efficiency and responsiveness.

2. Applicant Response Time

- **Criteria:** Average response time by applicants for each resubmission or requested information.
- **Target:** Encourage applicants to maintain an average response time of **15 business days or less** per submission.
- **Rationale:** Promotes proactive engagement from applicants and reduces overall application processing durations.

3. Proportion of Off-the-Clock Applications

- **Criteria:** Percentage of applications classified as off-the-clock (due to either City or applicant delays, including deficiencies identified in drawings) relative to all open applications.
- **Target:** Maintain off-the-clock applications at **15% or lower** of all open applications monthly.
- **Rationale:** Reflects effective management of the application pipeline and identifies areas needing attention to prevent backlog. Shows a commitment from both the applicant and city to resolve deficiencies to allow permit issuance.

Evaluation Methods:

- **Monthly Reporting (Internal):** Generate detailed reports outlining performance against these targets, enabling timely identification of issues and implementation of corrective actions.
- **Seasonal Reporting (External):** Provide comprehensive reports summarizing application, permit and associated inspection activities for the specified period. These reports, which include detailed summaries like the "Summary Listing of Building Construction Activity" and "Principle Permits Reports," enable external partners to assess performance, identify trends, and collaboratively address any challenges.
- **Process Audits:** Conduct periodic audits to assess the effectiveness of implemented strategies and identify opportunities for further improvement.

- **Industry Partner Engagement:** Hold regular meetings with internal teams and industry partners to discuss performance metrics, gather feedback, and collaboratively develop solutions for observed challenges.

Implementation Plan

- **Timeline:** Detailed timeline for the phased implementation of these administrative procedures, including pilot testing and full-scale rollout.
 - **Strategy 1** – Q4 2024
 - **Strategy 2** – Q1 2025
 - **Strategy 3** – Q2 2025
 - **Strategy 4** – Q2 2025
- **Monitoring:** *Integration with Data and KPI Initiatives:* The monitoring of these administrative procedures will be fully integrated into our ongoing data and Key Performance Indicator (KPI) enhancements. This integration ensures that administrative procedure effectiveness is continually measured against predefined metrics, facilitating regular updates and refinements based on both quantitative data and qualitative feedback from staff and industry partners. This approach will enable a dynamic response to evolving needs and enhance strategic decision-making.
- **Reporting:** Regular updates to Council and stakeholders on progress towards targets and effectiveness of the new Administrative Procedures.

3.0 Analysis

The proposed adjustments to the permit application process are rooted in a comprehensive analysis of the current challenges and inefficiencies within the City of London's Building Division. This analysis has highlighted the significant impact of 'off-the-clock' and abandoned permits on the city's ability to meet strategic goals, particularly those related to housing development and economic growth.

Key Findings:

- **Increased Processing Times:** Analysis of permit data revealed that off-the-clock permits significantly increase overall processing times due to repeated reviews and extended communication cycles.
- **Resource Allocation:** A substantial portion of departmental resources is currently devoted to managing incomplete or non-compliant applications, which detracts from the ability to efficiently process compliant, on-the-clock permits.
- **Economic Impact:** Delays in permit processing directly affect the city's economic development initiatives by slowing down construction projects, which in turn impacts job creation and investment in the local economy.
- **Partner Feedback:** Feedback from industry partners through the Customer Service Process Improvement (CSPI) group has consistently emphasized the need for more streamlined processes and clearer communication from the city to reduce delays and uncertainties.

Strategic Importance:

- **Supporting Economic Development:** By reducing the time and complexity involved in obtaining building permits, the city can become more attractive to developers and investors, which supports broader economic growth and job creation.

- **Enhancing Service Delivery:** Improving the permit process aligns with the city's strategic goals of enhancing public service delivery by making the city more responsive, efficient, and user-friendly.
- **Fulfilling Housing Objectives:** Accelerating the permit process is essential for meeting the city's housing pledges, particularly the commitment to accelerate the housing supply of 47,000 units by 2031.

Anticipated Outcomes:

- **Reduction in Permit Processing Times:** The introduction of partial permits, along with streamlined and digitized processes, is expected to cut down processing times significantly.

Conclusion

By implementing these targeted strategies, we aim to significantly enhance the efficiency and effectiveness of the permit application process. This will not only reduce delays but also improve overall service delivery, contributing to the City's goals of increasing housing supply and maintaining a high standard of public service. These changes are aligned with our strategic commitment to streamline city operations and improve responsiveness to the needs of our residents and developers.

Prepared by: Alan Shaw
Chief Building Official
Planning and Economic Development

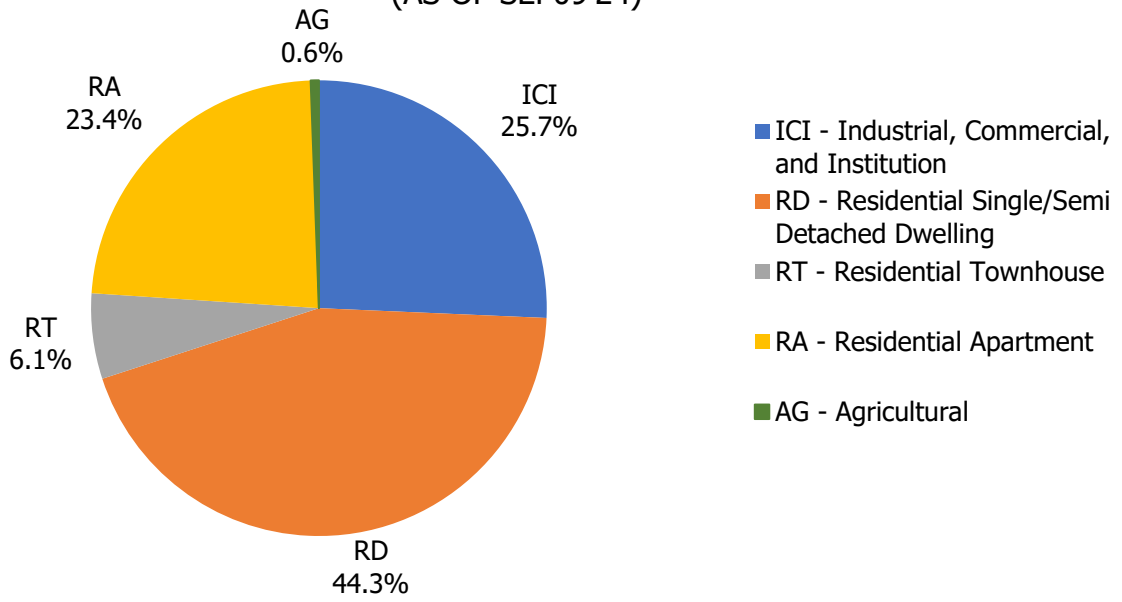
Submitted by: Scott Mathers, MPA, P.Eng.
Deputy City Manager
Planning and Economic Development

Recommended by: Scott Mathers, MPA, P.Eng.
Deputy City Manager
Planning and Economic Development

APPENDIX "A"

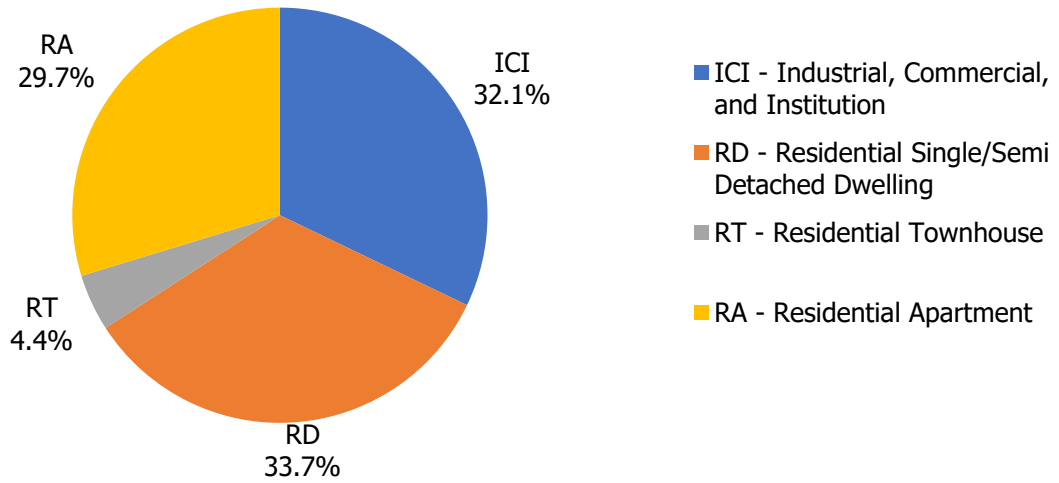
ALL OFF THE CLOCK APPLICATIONS

(AS OF SEP09'24)

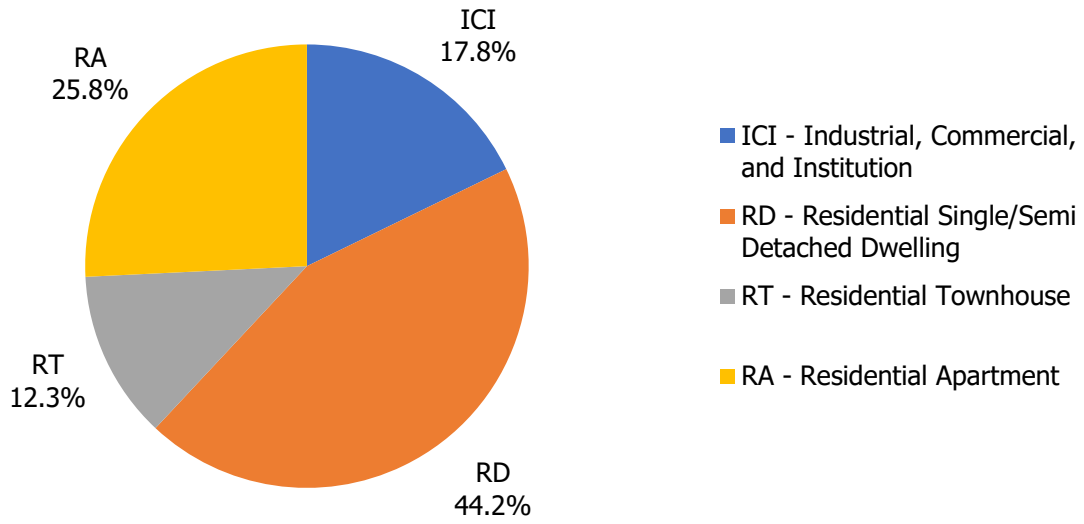


2024 OFF THE CLOCK APPLICATIONS

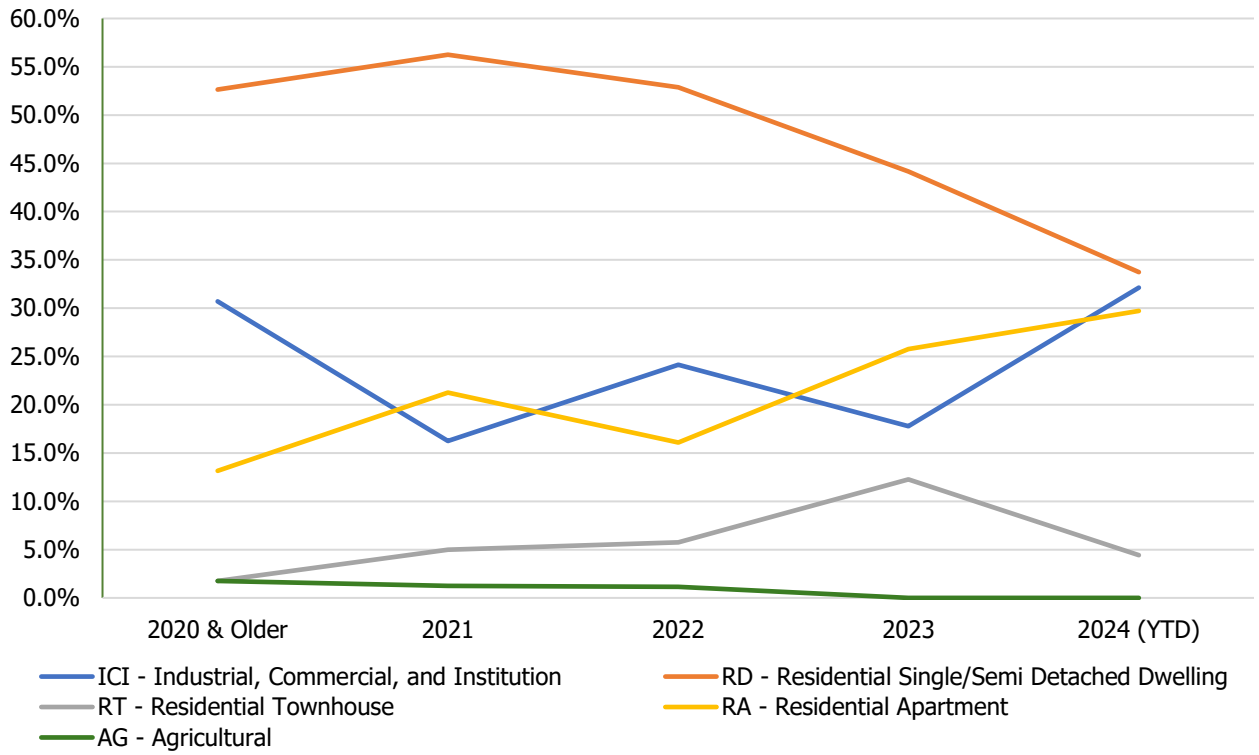
(AS OF SEP09'24)



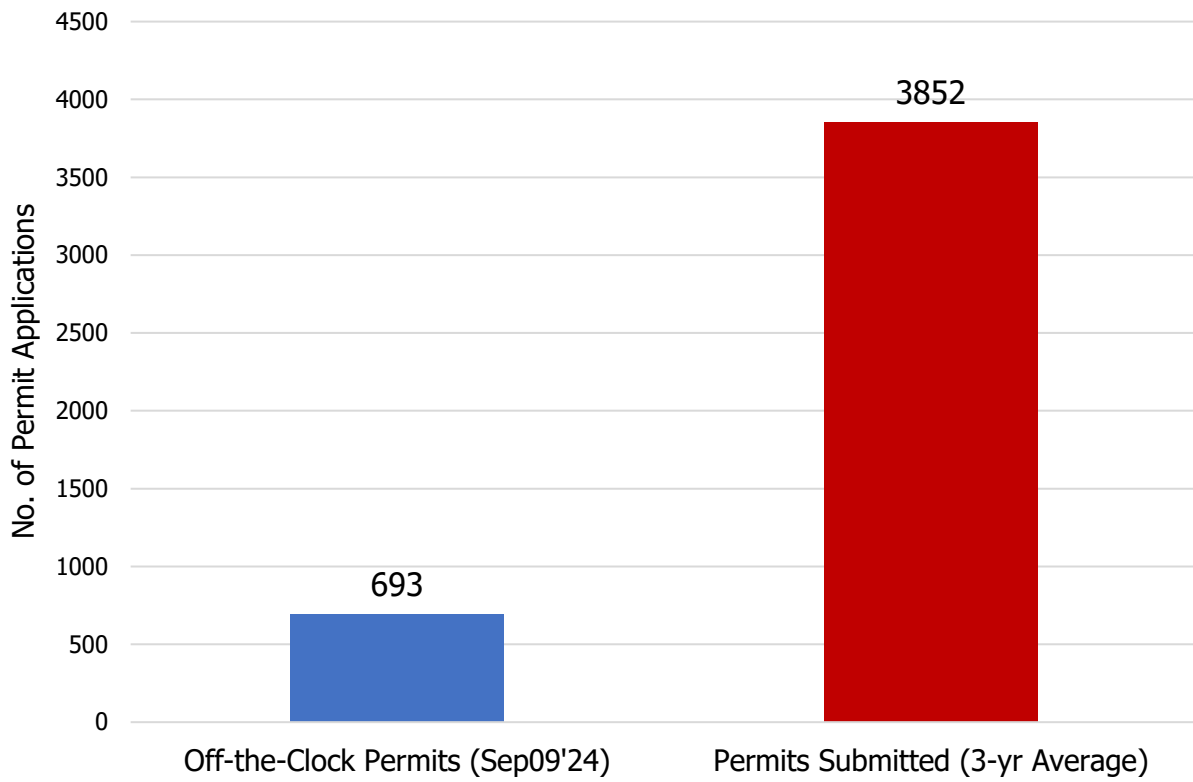
2023 OFF THE CLOCK APPLICATIONS
(AS OF SEP09'24)



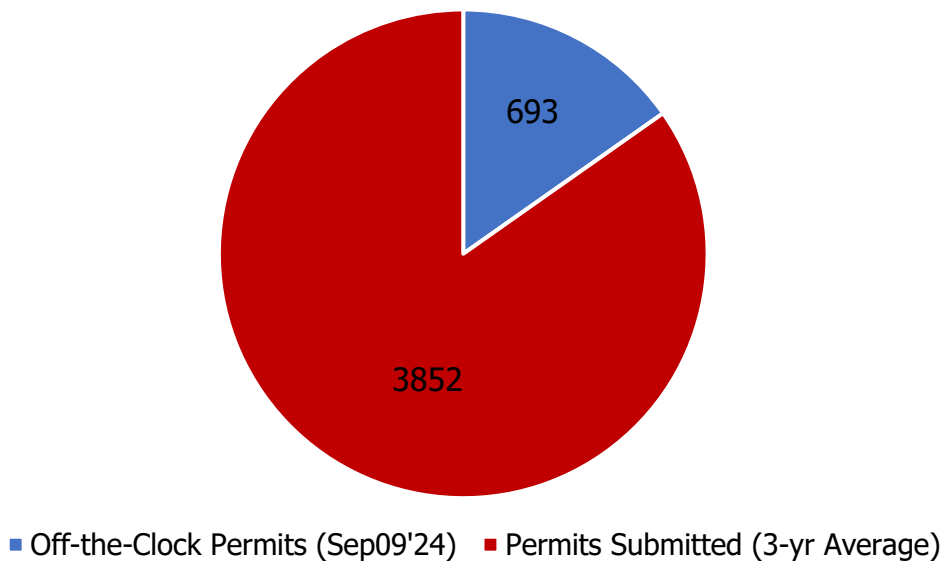
YEARLY PERCENTAGE OF OFF THE CLOCK PERMITS BY PERMIT TYPE
(AS OF SEP09'24)



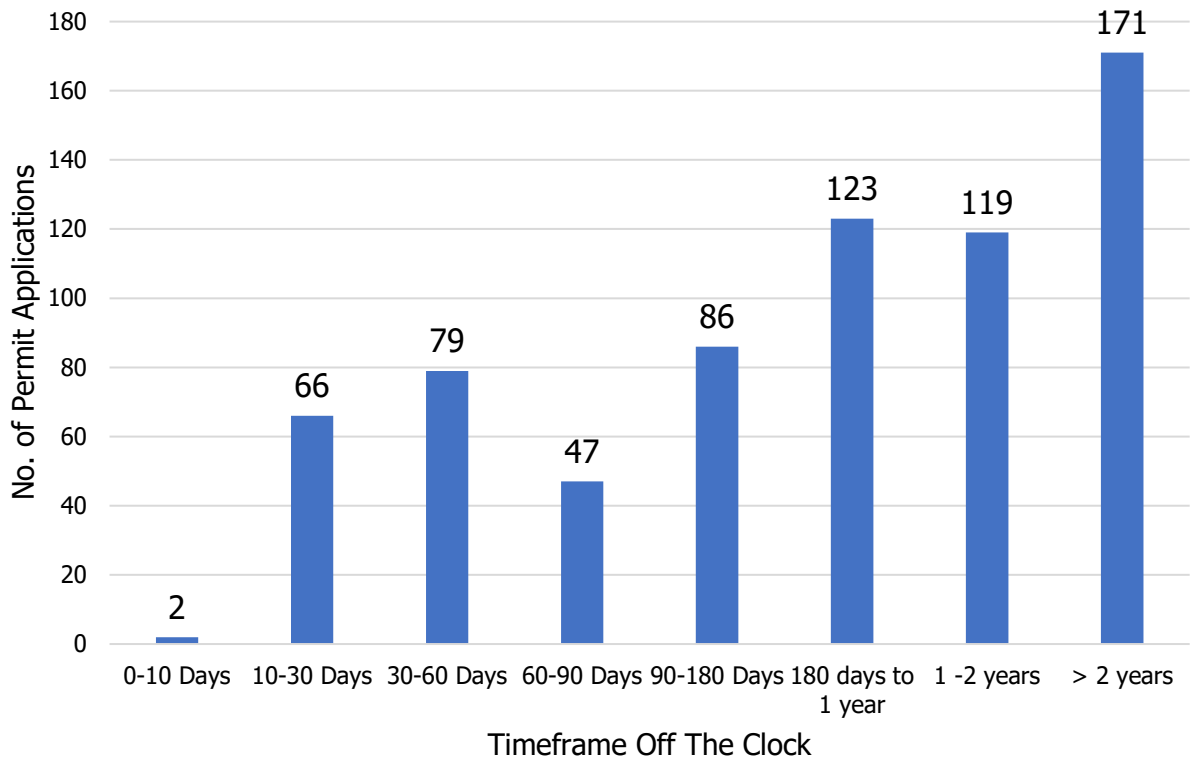
COMPARISON OF OFF THE CLOCK PERMITS VERSUS ANNUAL PERMITS SUBMITTED



As of September 09, 2024, off-the-clock permit application comprise 18% of the average number of permit applications submitted over the past 3 years.

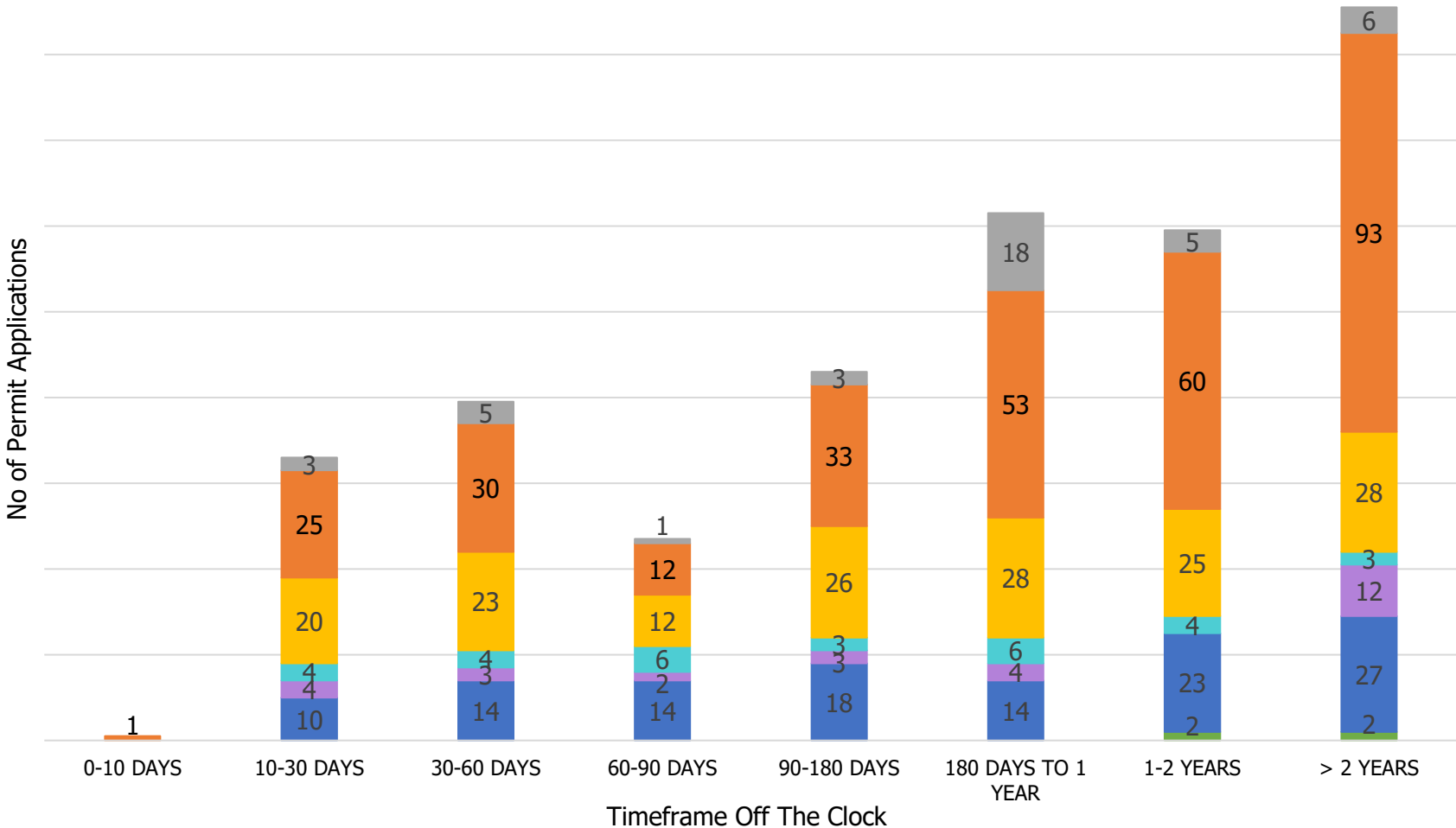


OFF THE CLOCK PERMIT APPLICATIONS BY DURATION
(AS OF SEP09'24)

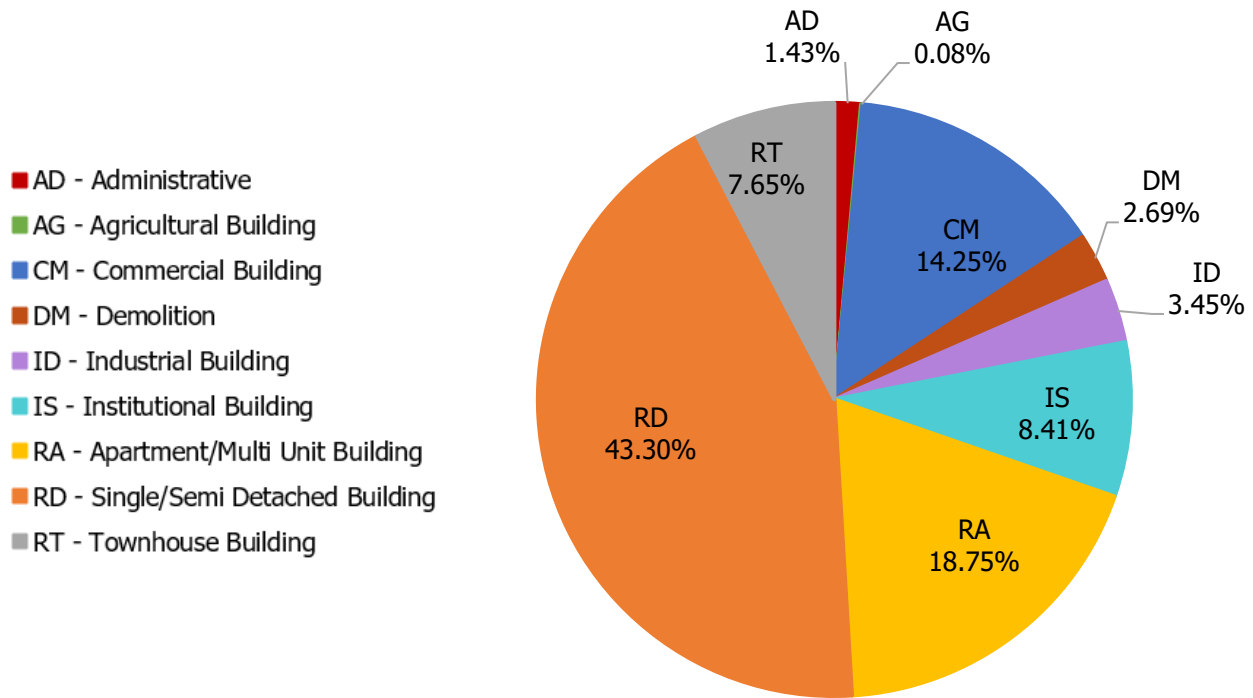
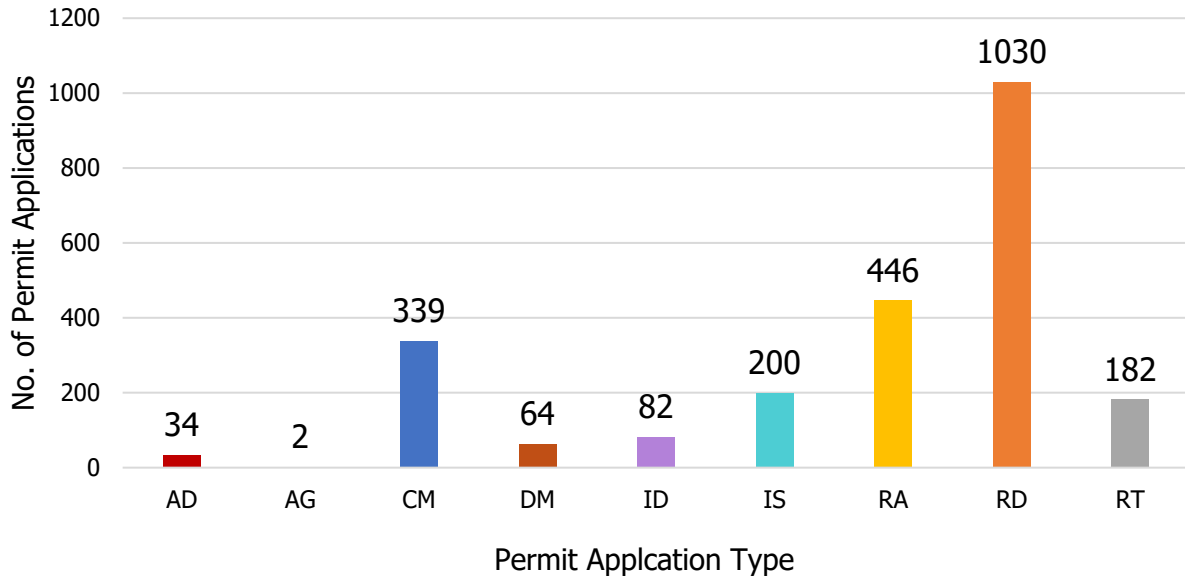


TIMEFRAME OFF THE CLOCK BY PERMIT TYPE (AS OF SEP09'24)

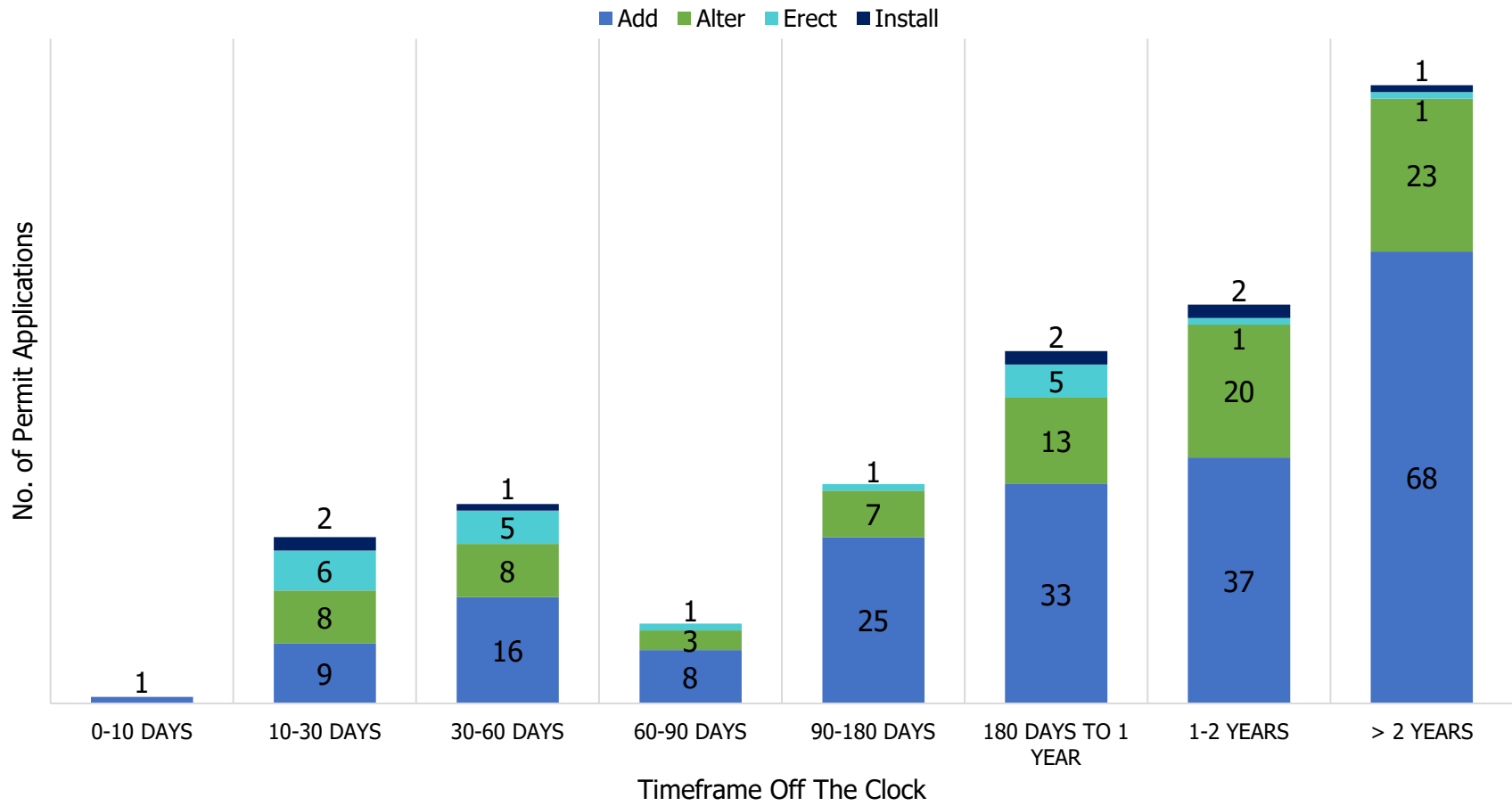
- Permit Type: AG (Agricultural)
- Permit Type: CM (Commercial)
- Permit Type: ID (Industrial)
- Permit Type: IS (Institutional)
- Permit Type: RA (Apartment/Multi Unit)
- Permit Type: RD (Single/Semi Detached)
- Permit Type: RT (Townhouse)



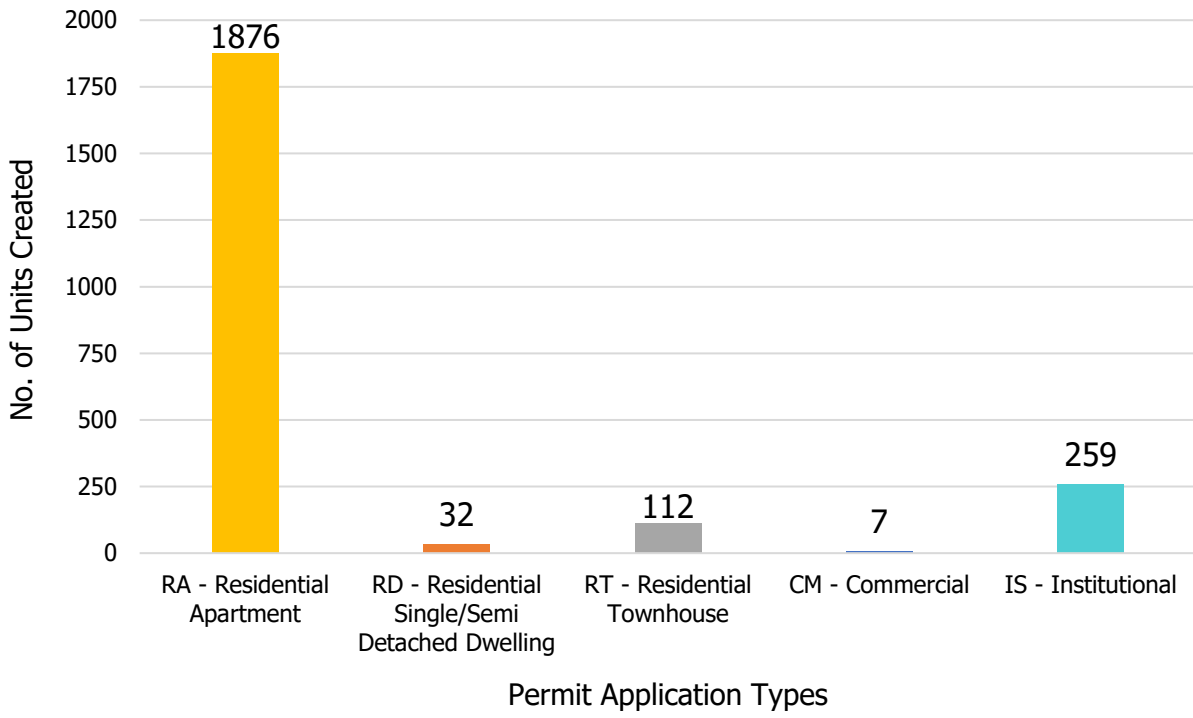
TOTAL No. OF PERMIT APPLICATIONS SUBMITTED IN 2024
(AS OF SEP09'24)



TIMEFRAME OF OFF THE CLOCK RD PERMITS BY WORK TYPE (AS OF SEP09'24)



**NEW UNITS - OFF THE CLOCK PERMITS
(AS OF SEP09'24)**



**No. OF OFF THE CLOCK PERMIT APPLICATIONS w/ NEW UNITS CREATED
(AS OF SEP09'24)**

